



CITY COUNCIL

Finance Committee

Meeting Report Wednesday, January 23, 2013

Committee Members Attending: D. Reed, Chair, R. Corcoran, Vice Chair, D. Sterner

Others Attending: D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Kantner, M. Bembenick, B. Rivera

Ms. Reed called the Finance Committee meeting to order at approximately 5:00 pm.

I. REVIEW CSC AND IT MONTHLY REPORT

- IT Report

Mr. Bembenick stated that this report should be deferred to next month due to the absence of Mr. Tangredi and Ms. Reed agreed to move on to the CSC Report.

- CSC Report

Ms. Kantner stated that she is working with all departments and, for the most part, everyone is trained. She explained that there has been a high volume of codes-related calls but that with the Amnesty Program that is to be expected at this time.

Mr. Sterner inquired if payments are handled by CSC.

Ms. Kantner responded that they are handled through the Treasury area of the CSC which is right next door though she has had CSC assist when Treasury is backed up.

Mr. Bembenick stated that \$76,354 has already been collected of the \$700,000 figure allotted.

Mr. Sterner asked if they felt that operations were running smoothly with the Amnesty Program in effect.

Ms. Kantner responded yes and Mr. Bembenick agreed and explained that they will continue

to see an uptick at the end and beginning of the months to come.

Mr. Zale wanted to make clear that the \$700,000 figure used earlier is not actual cash in hand.

Mr. Sterner asked where that money then goes.

Mr. Zale responded that it would go to the general fund and this is not new money but money that was previously budgeted as revenue.

Mr. Eron Lloyd entered the room at this time. 5:10pm.

Ms. Kelleher asked if when the Amnesty Program ends will that the uncollected delinquencies be transferred to the outside collection and Mr. Bembenick responded affirmatively. Ms. Kelleher then went on to give an example of how other municipalities handled collections and stated that all delinquent fees, including water and trash are put together to file one giant lien on the individual, not just the property and because it was done this way, it changed the collection percentage from 30% to 60%.

Mr. Bembenick stated that he is open to any form of collections that will benefit the city.

Mr. Sterner asked if the state was trying to pass a law that would ultimately change lien procedures and asked Council staff to check into that with our local legislators.

Ms. Reed concurred and asked staff and Mr. Younger to follow-up by having it on next month's agenda to report.

Mr. Corcoran asked Mr. Younger that if RAWA has a lien against a property, does RAWA collect before the city does.

Mr. Younger responded that the city would be paid first, and then RAWA.

Ms. Kelleher stated that these cases should be evaluated individually to determine the best manner in which to proceed so that the collection can be made.

II. LEGISLATIVE REVIEW

- Procurement Policies

Mr. Bembenick stated that a working draft has been completed and that he has asked for assistance from our legal department to produce a final draft. He stated that they are working on tightening it up pertaining to thresholds. He continued explaining that under \$500 there are no procurement requirements. From \$500 to \$10,000 they would require three price quotes to be submitted and for \$10,000 or greater, an issued RFP by the city would be

required. He also explained that they implemented added features in terms of protections to the city by having the signature of the City Solicitor a requirement on the RFP. The only exclusion would be if it is an emergency contract, such as a sewer main break, through the Managing Director.

Mr. Corcoran stated that he is in agreement with most of this but asked what measures are being taken for \$10,000 or greater.

Mr. Bembenick explained that the protection to the city would be that our solicitor's signature is mandated for thresholds above \$10,000.

Mr. Sterner asked if these contracts that are getting approvals are something that council would be made aware of.

Ms Reed agreed that for transparency matters, council should be involved.

Mr. Bembenick stated that he would ultimately like this process to be something on our website.

Ms. Reed gave an example where perhaps unforeseen costs arise and though the threshold was agreed upon for \$10,000, it turns out to be more. What protections do we have in place?

Mr. Younger stated that in cases like that he believes the city still maintains control of the transfer.

Mr. Cituk explained that the possibility of being sued still exists.

Ms. Reed asked if it is a good idea to continue to use contingency funds if that possibility exists.

Mr. Corcoran stated that he believes that all services should have required RFPs from the very beginning.

Mr. Younger explained that this is the reason we are putting new guidelines into effect.

Ms. Reed asked if those guidelines are going to be presented to council as ordinances and how soon.

Mr. Younger responded that it will be presented to council and is currently being worked on to be prepared for the meeting in February.

Mr. Bembenick explained that all cities contracts are widely varied and because of that, more protections are being added for us as a city.

Ms. Reed asked if council would like to lower the ceiling to \$10,000.

Mr. Sterner responded that he would like to see how this plan works out first.

Ms. Reed agreed that we should wait and see how the plan works and review results by way of an update given for May.

- Library Tax

Mr. Sterner asked about putting it on a non-binding referendum on an upcoming ballot.

Ms. Reed asked how much the Shade Tree surcharge to the general fund was.

Mr. Bembenick stated it was \$250,000 a year. He stated that we should be cautious before we say to designate a set amount for the library; we must first have a better handle on our revenues.

Mr. Sterner stated that in his opinion, he still feels strongly about presenting this in a referendum for people to vote on.

Mr. Bembenick stated that he would support a non-binding referendum.

Mr. Corcoran stated that his concern is committing to a set amount.

Mr. Sterner stated that it can be worded in such a way so as to not include a definitive number.

Mr. Cituk stated that he would rather see us legislatively partner for funds.

Ms. Reed commented that she feels the Library Board hasn't been aggressive enough in terms of raising funds.

Ms. Kelleher suggested that instead of a referendum, we could use a survey on a much smaller scale just to get a feel for how people will respond.

Ms. Reed did not agree stating that she does not feel trustworthy of the results obtained through social networking sites.

Mr. Zale asked if we didn't already do a CORE survey a couple of years back. Ms. Kelleher

responded affirmatively. Mr. Zale stated that the survey should give us those answers.

Mr. Sterner asked about the liability for volunteer clean-up crews.

Mr. Bembenick stated that the city maintains general liability insurances but wouldn't have a definitive answer on a case by case issue.

Mr. Younger stated that volunteers assume a certain amount of risk. He also stated that Risk and Safety has a book for insurance purposes. He believes that the city should be aware of any and all volunteers doing work for the city and agreements should be signed.

Mr. Sterner replied that if agreements are to be signed, then the Hillside Playground volunteers should have an agreement since this is a sizable project.

Mr. Bembenick stated that, in his opinion, General City Policy should be implemented.

- Review and Amend Lease Agreements for City owned properties

Mr. Bembenick asked if this could be deferred to next month's meeting as it is still being worked on. Ms. Reed agreed.

- Create Defined Contribution Plan for New Hires

Mr. Bembenick stated that this plan is only in the beginning stages as it is currently being looked at from a cost stand point.

Mr. Sterner asked if the city could include Fire and Police in this plan.

Mr. Cituk responded that there are state-related issues with Fire and Police that prevent them from being included.

Ms. Kelleher stated that the state is not concerned with correcting local municipal pensions as they are too consumed in dealing with their own state pensions.

IV. FINANCE REPORTS

- Review Expenditures/Revenues – Overtime Police, Fire

Mr. Zale distributed handouts and explained that they added a couple of new reports to General Fund. Public Safety is a big item causing concern and has asked both chiefs for explanation of expenditures so as to have more accountability. He stated that MMO calculations resulted in a savings along with refinancing. Those savings were used by Police and Fire and all of the contingency was spent; we over-spent the budget. He stated that he has tried to send the message to the chiefs not to over-spend.

Mr. Zale explained that overall our revenues fall short for 2012. Earned Income Tax was a

positive and as he already stated, MMO was a positive as well. Based on the numbers, there is a \$7.4 million deficit. He suggested that specific department heads be held accountable for each revenue line item so that that person would have to answer to that revenue number. Mr. Zale continued by saying that on a cash perspective, it is a positive of \$100,000. He stated that we cannot begin to pay our debt because we always manage to over spend. We have our own “fiscal cliff” coming in 2015 with a \$9 million hole.

Mr. Bembenick stated that he feels this year is about changing mindsets. We do not have an extensive contingency fund to work with this year and this continues to be a work in progress.

Ms. Reed asked about talks of dissolving the RAWA and can it be done.

Mr. Bembenick stated that if this is something we want to do, we should do it soon.

Ms. Kelleher agreed stating that the timeline needs to be carefully looked at as disbanding an authority takes time.

Ms. Reed asked if this is an issue we can continue in our next Finance and Committee of the Whole meetings.

Mr. Bembenick responded that this can absolutely be followed through by giving updates in both upcoming committees.

Mr. Cituk believes that this is an issue that requires a change in legislation and we should meet with our local representatives to discuss amending legislation that says that we cannot make money off of something that we own.

Ms. Kelleher suggested that perhaps instead of disbanding the RAWA, we may want to reform it.

Mr. Corcoran stated that we really need to look at all options available before disbanding take place; that should be our last resort.

- Review Transfers

Mr. Zale stated that on a purely cash basis, our transfers are in good shape going into 2013; that is with the exception of funds. He stated that he will update the transfer chart for review in the February meeting.

V. UPDATE – INTERNAL AUDITS

- Compliance – transfers

Mr. Cituk stated that regarding appropriations above \$25,000, a report will be provided for the February meeting.

Ms. Reed suggested that a meeting be set up with Lee Olsen, John Weidenhammer and Rick McDougle regarding the Redevelopment Authority. She stated that she will bring in the financials prior to the meeting being set up.

- Update on Capital Projects

Mr. Cituk stated that, other than the sewer plant project, there is not another major capital project at this time.

- Select Audits for 2013

Mr. Cituk stated that they have been reviewing applications for the hiring of a new Audit Coordinator so he will have more to report in the next meeting.

VI. NEW COLLECTIONS – AMNESTY PROGRAM UPDATES

Mr. Bembenick stated that he is not prepared to talk about progress just yet; however, he will provide an updated report for the next meeting.

VII. CD REPORT

Mr. Bembenick stated that because Mr. Agudo is not present, he would like to defer this to February's meeting as he is not prepared to report on this matter.

Ms. Reed asked that we make certain Mr. Agudo be present at the next committee meeting to be able to provide a CD update. She asked if there were any additional questions or comments; none were posed.

Ms. Reed adjourned the meeting at 6:45pm

Respectfully submitted by Bea Rivera, Legislative Aide

FOLLOW UP ITEMS:

February

1. Land Value Tax – Presentation from Josh Vincent scheduled for Feb Work Session

2. Quarterly Review of External Auditor Findings – Report from Audit Committee
3. Update Delinquent Fee Collection
4. CD Report – Spent vs. Unspent CDBG Funds
5. Legal Report on Protection Agreements for volunteers and others
6. Report on Act 90 - Liens
7. New Collections – Amnesty Program Updates
8. Update on possible disbandment of the RAWA

March

1. Land Value Tax Discussion
2. Quarterly review of 2013 Budget
3. Cost of EMS Services and EMS Transportation
4. Explore outsourcing EMS to other municipalities

April

1. Asset Inventory
2. CIP Committee process

May

1. Street Light or Street Assessment
2. Review and assess use of City, and Authority funds to provide best benefit
3. Report showing results of Threshold Plan with implementation of new guidelines

